

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 FBO-01 SSO-00 L-03 A-01 RSC-01 DRC-01

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FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC NIACT IMMEDIATE 1627

UNCLAS ABU DHABI 0676

DEPT FOR AMB STERNER, NEA/EX, FBO

EO 11652: NA

TAGS: ABLD, TC

SUBJ: OFFICIAL RESIDENCE

REF: AMB/HOWELL TELECON OF 5/30/74

1. CHARGE AND ADMIN OFFICER MET WITH FNCB REP MORNING OF MAY 23 TO DISCUSS POSSIBILITY OF FNCB FINANCING CONSTRUCTION OF AMBAS-
SADOR RESIDENCE.
ALTHOUGH BOTH EMB AND FNCB FEEL THIS
ARRANGEMENT MUTUALLY ATTRACTIVE, BOTH HAVE CONSTRICTING MAN-
DATES PLACED ON THEM THAT MAY PREVENT US FROM GOING MUCH FURTHER.

2. FIRST QUESTION THAT AROSE WAS WHAT WOULD HAPPEN TO LEASING
AGREEMENT IN EVENT USG FORCED BY POL OR OTHER CIRCUMSTANCES TO
WITHDRAW ITS DIPL PRESENCE, I.E. A. WOULD WE RETAIN THE LAND
AND PREMISES UNDER A PROTECTING POWER, FOR EXAMPLE CONTINUING
TO MAKE PAYMENTS, B. ALLOW THE LANDLORD, FNCB TO TAKE POSSESSION
FOR PURPOSE OF SUBLETTING, ETC., OR C. WOULD THE LAND AND
BUILDING REVERT TO THE HOST GOVERNMENT? WE WILL INVESTIGATE
LEGAL IMPLICATIONS, BUT AS THE DEPT IS AWARE, DEEDS AND TITLES
ARE NOT USUALLY GIVEN, ONLY THE SIGNATURE OF THE RULER ON THE
MASTER PLAN, PLUS A LETTER FROM HIS DESIGNATED OFFICIAL.
IN OUR PARTICULAR CASE, WE HAVE A LETTER FROM THE DIRECTOR OF
THE MUNICIPALITY STATING THAT SHAIKH ZAYID HAS GIVEN USG A
SPECIFIC PARCEL OF LAND FOR USE AS AN AMBASSADORIAL RESIDENCE.

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WE WILL REQUEST FROM THE UAEG A MORE DEFINITIVE LEGAL DOCUMENT

ESTABLISHING OUR RIGHT TO THE LAND AND ANY BUILDINGS THEREON IN PERPETUITY OR FOR A DEFINITE PERIOD.

3. SECONDLY, WHEN INFORMED THAT INSTEAD OF PREFERRED LONG TERM ARRANGEMENT WE WOULD POSSIBLY HAVE TO GO TO A NINE YEAR ARRANGEMENT, FNCB REP STATED THIS WOULD BE ACCEPTABLE TO BANK; HOWEVER, THE DEPT SHOULD BE AWARE THAT THE FULL AMOUNT OF CONSTRUCTION COST PLUS INTEREST WOULD HAVE TO BE RECOVERED WITHIN THAT PERIOD OF TIME, I.E. NINE YEARS. CONSIDERING THE FIGURE QUOTED TO THE CHARGE BY AMB STERNER AS BEING AVAILABLE FROM THIS FY'S BUDGET AND IN SUBSEQUENT YEARS FOR RENTAL OF PERMANENT QUARTERS FOR A COM, I.E. IN RANGE OF DOLS 20,000, IT IS OUR OPINION THAT AMORTIZING THE FULL LOAN OVER 9 YEARS WOULD NOT BE POSSIBLE. WITHOUT SITE PLANS OR SOME IDEA OF SIZE OF BUILDING, WE HAVE GONE AHEAD AND ESTIMATED THAT THE TOTAL COST OF CONSTRUCTION WOULD RUN AS HIGH AS ONE MILLION DIRHAMS (DOLS 254,000) FOR A SUITABLE COM'S RESIDENCE. THE FNCB REP NOTED THAT A LONGER TERM FINANCING ARRANGEMENT MIGHT EVEN BE DIFFICULT TO ARRANGE DUE TO THE UNCERTAINTY OF THE LOCAL BRANCH BEING ABLE TO RAISE MONEY IN THAT AMOUNT OVER SUCH AN UNUSUALLY LONG PERIOD IN TERMS OF LOCAL PRACTICE. AGAIN, THE POSSIBILITY OF FINANCING BEING SUPPLIED FROM FNCB LONDON OR NY MAIN OFFICE IS A POSSIBILITY THE LOCAL BRANCH IS EXPLORING. INTEREST RATES EITHER IN DOLLARS OR DIRHAMS WOULD ALSO BE A FACTOR DETERMINING BOTH TIME AND PAYMENT. IT IS OUR OPINION, AND FNCB REP TENDED TO AGREE, A TEN TO 12 YEAR LEASE WOULD BE TO OUR BEST ADVANTAGE, ALL FACTORS CONSIDERED.

4. THIRDLY, THE QUIT CLAUSE IS ALSO OF SOME CONCERN TO FNCB. HOWEVER, IF WE CAN ARRANGE FOR TITLE TO THE PROPERTY TO BE TRANSFERRED TO FNCB UNTIL PAYMENT IS COMPLETE, THEN WE FEEL THIS COULD BE OVERCOME.

5. IT OCCURED TO US THAT ONE SOLUTION TO THE VARIOUS PROBLEMS MENTIONED ABOVE COULD BE FOR FBO FINANCE CONSTRUCTION IN THIS OR NEXT FISCAL YEAR. IF THIS NOT POSSIBLE, THEN OUR ONLY OPPORTUNITY TO TAKE ADVANTAGE OF THE LAND WOULD BE THROUGH THE FNCB. HOWEVER, WE FEEL THAT A SHORT-TERM LEASE SITUATION WOULD AS NOTED ABOVE, NOT BE ADVANTAGEOUS AS LONG TERM, UNLESS THE NEA/EX IS WILLING TO RAISE CONSIDERABLY THE FIGURE OF DOLS 20,000 PER YEAR ALLOCATED THE POST FOR LEASING OF A COM'S RESIDENCE.

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6. HAS FBO OR THE BUREAU CONTACTED EITHER LOUIS MCMILLAN OF THE ARCHITECTS COLLABORATIVE (TAC) OR HAVE THEY GIVEN ANY THOUGHT TO ARCHITECTURAL DESIGNS FOR THE RESIDENCE? FYI: WE HAVE MTG SCHEDULED JUNE 4 WITH TAC REP PETER MORTON WHOM WE UNDERSTAND AUTHORIZED BY HOME OFFICE TO DISCUSS SUBJECT. IF DEPT HAS PURSUED MATTER FURTHER WITH TAC, POST WOULD APPRECIATE RECEIVING RESULTS OF DISCUSSIONS AS WELL AS ANY OTHER PLANS OR IDEAS SO THAT WE

COULD AT LEAST BEGIN TO LOOK INTO DESIGN ASPECT AND COST
PROJECTIONS.
HOWELL

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